

M T R S E M P L O Y E R S ' T R A I N I N G

Agenda

8:30 – 9:00 a.m.

Registration

Coffee, tea and pastry

9:00 – 10:00 a.m.

Welcome

Joan Schloss, Executive Director, MTRB

Erika M. Glaster, Deputy Executive Director, MTRB

Lisa M. Maloney, Director of Educational Services, MTRB

Presentation, Part 1

- ☐ Important legislative changes
- ☐ Review topics
 - ☐ Rules for rehiring retirees
 - ☐ Regular compensation clarifications
 - ☐ Reporting members in military service

10:00 – 10:15 a.m.

Break

10:15 – noon

Presentation, Part 2

- ☐ Data quality and report analysis
 - ☐ eRetirement's impact on reporting
 - ☐ Tracking payments and creditable service
 - ☐ Reporting financial data and data quality
 - ☐ Correcting errors
- ☐ Q&A

MTRB presenters and Employer Reporting staff

- **Lisa Ferris**, Employer Reporting, Senior Service Representative
- **Robert George**, Employer Reporting, Senior Service Representative
- **Erika Glaster**, Deputy Executive Director
- **David Harbison**, Employer Reporting, Senior Service Representative
- **Shirley Kwan**, Employer Reporting, Service Representative
- **Cam Luu**, Employer Reporting, Service Representative
- **Michelle Maalouf**, Employer Reporting, Service Representative
- **Lisa Maloney**, Director, Educational Services
- **Richard Probert**, Director, Employer Reporting
- **Joan Schloss**, Executive Director
- **Michael Schroeder**, Employer Reporting, Service Representative

S U M M E R 2 0 0 4

- ☐ WORCESTER, Tuesday, July 20
- ☐ PITTSFIELD, Wednesday, July 21
- ☐ FITCHBURG, Tuesday, July 27
- ☐ HOLYOKE, Thursday, July 29
- ☐ WAKEFIELD, Monday, August 2
- ☐ WALTHAM, Thursday, August 5
- ☐ TAUNTON, Tuesday, August 10
- ☐ HYANNIS, Thursday, August 12



Members of the Board

David P. Driscoll
Chairman and
Commissioner of Education

Timothy P. Cahill
State Treasurer

A. Joseph DeNucci
State Auditor

John A. M. Dow, Jr.

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Linda M. Ruberto

Ellen T. Hargraves

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M T R S E M P L O Y E R S ' T R A I N I N G

Program guide

"The world is so fast that there are days when the person who says it can't be done is interrupted by the person who is doing it."

—Anonymous

Presentation


- 2 Important legislative changes
- 5 Review topics
 - 5 Rules for rehiring retirees
 - 6 Regular compensation clarifications
 - 9 Reporting members in military service
- 9 eRetirement: Data quality and report analysis
 - 9 eRetirement's impact on reporting
 - 10 Tracking payments and creditable service
 - 17 Reporting financial data: Data quality
 - 19 Correcting errors

Reference materials

- 23 MTRS Retirement Deduction Submittal
- 24 Regular compensation
 - 24 M.G.L. c. 32, § 1
 - 24 MTRB Policy Statement
 - 25 MTRB Guidelines
- 26 Request for waiver (DOE form)
- 27 Working after retirement guidelines
- 28 Quick links to MTRB employer resources online
- 29 Contacting us



This program guide was written by the staff of the MTRS and prepared exclusively for use by representatives of the Massachusetts Teachers' Retirement System's employer units in conjunction with the seminar entitled *MTRS Employers' Training*. It is not intended as a substitute for the Massachusetts General Laws nor will its interpretation prevail should a conflict arise between the contents of this booklet and M.G.L. c. 32. Finally, rules governing retirement and reporting requirements are subject to change periodically either by statute of the Massachusetts Legislature or by regulation of the Teachers' Retirement Board.



Important legislative changes 3

Effective July 1, 2004

- Reinstatement of retirees to active membership upon repayment of benefits received, plus actuarial interest
- Dependent benefits eligibility: age 22 for full-time students
- School districts must notify retirement boards of suspensions of members under indictment
- Attorney General, District Attorney notice of convictions to retirement bds.

Important legislative changes

- Retired members are now permitted to cancel their retirement, repay all received pension benefits to the MTRB with interest, and resume active contributing membership in the retirement system.




Important legislative changes 4

Effective July 1, 2004

- R+ election window re-opened for certain MTRS members ...
 - Who filed an R+ election with their school departments before July 1, 2001 (must be certified by a local official), and
 - Who file a new election form with the MTRB no later than October 1, 2004.
- MTRB to notify employers and members of the implementation process

- Members who submitted positive RetirementPlus election forms to their employer prior to July 1, 2001 but failed to return an election form to the MTRB will now have a chance to rectify the error.




Important legislative changes 5

Additional changes

- Definition of veteran (effective August 26, 2004)
- PERAC to select new mortality tables and interest rate assumptions that are expected to change the Option B and Option C factors (effective December 27, 2004)

- The new definition of a veteran eliminates the requirement that service be performed during certain periods defined as "wartime" or "national emergency."



Important legislative changes 6

Social Security Protection Act of 2004

- Law takes effect January 1, 2005
- Employers required to notify new hires
 - Government Pension Offset (GPO)
 - Windfall Elimination Provision (WEP)
- Social Security Administration will provide the prescribed form, which must be:
 - Signed by the new hire
 - Forwarded to the MTRB
- For more info, visit **www.ssa.gov**

- Employers will be obliged to inform newly hired teachers about the potential effects of a government pension on future Social Security benefits.
- The Social Security Administration will require the completion of an approved acknowledgment form that will be signed by the member and forwarded by the employer to the MTRB.
- For more information, visit the Social Security Administration's web site at **www.ssa.gov**.

Rules for rehiring retirees

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Restrictions on re-hired retirees

- **Time limit:** 960 hours in a calendar year
- **Earnings limit:** the difference between the member's pension benefit and the current pay for the position from which he or she retired
- **Separation requirement:** 60-day wait before returning to service
Exception: this requirement does not apply to members who retired at the maximum benefit (80%) or at 65 years of age

Rules for rehiring retirees

- The limitations apply to anyone who is receiving a pension benefit from a Massachusetts contributory retirement system. This includes the Teachers' Retirement System and the other 105 municipal, regional and institutional systems.

Rules for rehiring retirees

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Working after retirement exceptions

- Restrictions on working after retirement do not apply when a "critical shortage" waiver is approved (*MTRB retirees only*)
- RetirementPlus retirees are not eligible to apply for a critical shortage waiver until two years after retirement date
- Districts must apply for critical shortage waivers from the DOE
—Regulation 603 CMR 7.03 (2)(b)

- Below is the link to the DOE's web page on critical shortage:

http://www.doe.mass.edu/eq/news01/cs_waiver.html

Rules for rehiring retirees

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Send no money!

- Members working after retirement are not subject to MTRB retirement deductions
- **Exception:** A retiree who is reinstated in the retirement system is required to contribute to the appropriate Massachusetts contributory retirement system. Employers must begin contributions upon notice from the retirement board.

- Retired members working under the time and earnings restrictions and retired teachers working under a declared critical shortage with an authorized waiver do not contribute to the retirement system and do not earn additional retirement service credit.
- Retirees who decide to annul their retirement can return to active membership if they reimburse their retirement board for all pension benefits received, plus interest calculated at the actuarially assumed interest rate. The current rate is 8.25%.




Regular compensation 11

Regular compensation

Regular compensation clarifications

- Regular compensation refers to earnings that are subject to retirement deduction and are used in the three-year salary average calculation for benefit determination.
- See also pages 24–25 for more information.




Regular compensation 12

Salary for being a teacher

- **Primary job**
- **Additional days**
 - Payments must be authorized in the contract
 - Duties must be the same as the member's primary job
 - Superintendent must indicate, in writing, that the member is required to work the extra days
 - Report as *additional earnings* (stipend)

- A teacher's base contractual salary, sometimes referred to as "step and scale," is always considered regular compensation.
- Guidance counselors are often required to work extended days and are paid for the extra work on a *per diem* basis.
- Do not report pay for extended days as base earnings, even though it is calculated as a fraction of the base. If you do, the deduction report validation will fail and the system will consider it an error. Pay received for extended days should be coded as if it were a stipend.




Regular compensation 13

Contractual payments for services

Included: <ul style="list-style-type: none"> ■ Longevity ■ Used sick leave ■ Used vacation ■ Educational incentives that become part of base pay ■ Cost-of-living bonuses or pay adjustments 	Excluded: <ul style="list-style-type: none"> ■ Performance bonus ■ Sick leave buyback ■ Vacation buyback ■ Anything paid as a result of giving notice of, or having knowledge of, retirement
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- All pay received in addition to base pay should be specified in the contract. Teachers and administrators who are paid while on sick leave or vacation should make contributions on those earnings. Lump-sum payments for unused vacation or unused sick leave are not regular compensation and no deductions should be taken from those payments.



Regular compensation 14

Fringe benefits

Included:	Excluded:
<ul style="list-style-type: none"> ▪ Non-cash maintenance allowances ▪ Premiums paid by employer for an individual or group annuity contract ▪ Premiums paid by employer or payment reimbursements for an individual life or disability insurance policy 	<ul style="list-style-type: none"> ▪ Expense reimbursements ▪ Cash paid in lieu of health insurance premiums ▪ Professional development incentives that do not become part of base pay

- Deductions for premium payments must be based on either direct payments to the provider or reimbursements for premium payments made by the member after the member has submitted proof of payment to the employer.




Regular compensation 15

Payments for additional services

Included as a matter of law:

- Sports—athletic coaching
- School lunch program

- Earnings derived from athletic coaching and school lunch duty are always considered regular compensation.




Regular compensation 16

Payments for other types of additional services

- Position must be in the annual contract
- Compensation for position must be in the annual contract
- Services must be performed during the school year
- Services must be rendered in a public school
- Services must be educational in nature

- Generally, this refers to “stipends.” Both the duties and the amount of the earnings must be clearly stated in the contract.




Regular compensation 17

Guidelines to assist you

- Description of the services and the compensation must appear in the annual contract
 - Definition of “annual contract”
 - Salary *vs.* wages

- For most teachers, “annual contract” means the collective bargaining agreement. Principals, superintendents and certain other positions are covered by individual or group administrator’s contracts.
- Additional services paid on an incremental basis, such as hourly wages, pay computed on a per-pupil or per-session basis or some variation of this method, are generally not considered regular compensation. This restriction does not apply to pay received for athletic coaching, and earnings derived from a teacher’s primary job rather than additional responsibilities.




Regular compensation 18

Guidelines to assist you

- Services performed during the school year
 - Included summer work
 - Excluded summer work


- Pay received for teaching summer school is generally not considered regular compensation. Earnings by guidance counselors and others who may be required to work beyond the regular school year can be pensionable if it is provided for in the contract and if it is specifically authorized, in writing, by the superintendent.



Regular compensation 19

Guidelines to assist you

- Services rendered in a public school
 - Adult education
 - Alternative high school schedule




Regular compensation 20

Guidelines to assist you

- Educational in nature:
 - Not expressly defined
 - What the magistrates have said:
 - **Included** stipend for bus monitor duties as specified in the contract
 - **Excluded** a teacher assigned to maintain the district's computer network

- Teachers who are reassigned to administrative or support roles in the district may lose all or part of their MTRS membership eligibility.
- An example is the math teacher who assumes the role of computer network administrator for the school district or the social studies teacher who becomes the transportation coordinator.
- Contact your Employer Reporting representative when you encounter these situations.



Military service 21

Military service

- Members called to active duty can earn retirement credit while serving in the military
- Contributions are paid by the district on behalf of the member
- Provide the MTRB with a completed military service fund form with payment

Reporting members in military service

- If the policy in your school district is to continue to pay the member while he or she is away on active duty, contact your MTRB Employer Reporting representative for instructions on how to report these earnings.
- Full or partial wages paid to a member on military leave is pensionable and you should deduct retirement contributions.




The eRetirement system 23

eRetirement

eRetirement: Data quality and report analysis

eRetirement's impact on reporting

- eRetirement is the name of the MTRB's new web-based information management and deduction reporting system, currently under development. It is scheduled for launch in 2005.




The eRetirement system 24

eRetirement is coming!

- eRetirement training plan
- Activation and phased rollout
- Online submittals to start in 2005

- eRetirement users will receive comprehensive training and detailed user manuals.




The eRetirement system 25

Why eRetirement?

- The Boomers are here!


<u>Time frame</u>	<u>No. of retirements/year</u>
1990–1999	1,800 (average)
2000	1,950
2003	3,400
2006 (projected)	5,000 +



The eRetirement system 26

Why eRetirement?


- Current system is outdated and deficient
- Web-based efficiencies to meet volume and service expectations
- Eliminate error detection and feedback delays between MTRB and employers with next-day error notification and secure online correction
- Secure member access to individual account data



The eRetirement system 27

Improving data quality *before* eRetirement arrives

- There are many things that you can do to prepare for the conversion to eRetirement.




The eRetirement system 28

eRetirement is different!

Today	eRetirement
Payroll officer	District user
↓	↓
MTRB staff	
↓	↓
System	eRetirement

- Unlike today, where MTRB staff function as an intermediary processor before data is posted, in eRetirement the school district administrator will directly access the system in an assigned user role. This will eliminate processing delays and error correction delays.




The eRetirement system 29

Data quality safeguards

- Improved error checking in eRetirement
- What to expect:
 - Files will not be accepted unless **all** requirements are met
 - Deduction report file structure will not change
 - Financial data must be **consistent** and **correct**
- Two-step validation process:
 - Format validation
 - Data validations

- The eRetirement system will check your file for format errors and data errors before deductions are posted to your teachers' accounts.
- All fields are accessible using a special error correction user interface and all validations are based on input that you supply.




The eRetirement system 30

Common format errors

- Incorrectly assembled report by vendor
- Wrong file or blank file on the disk
- MTRB deduction reports usually fail the format test because of missing or invalid:
 - contract term
 - pay duration
 - pay frequency
 - part-time/full-time status
 - position code

- Improperly formatted files can easily be replaced.




The eRetirement system 31

Common data validation errors

- Pay code errors
- Incorrect salary
- Incorrect deduction rate
- Incorrectly calculated 30-plus amount
- Record altered by an Adjustment or Retro payment without a separate record
- Additional compensation included in the base earnings field

- More specific information about retro and adjustment records can be found in the *MTRB Processing Guide*.




The eRetirement system 32

How to succeed

- Make sure your payroll officers have the appropriate Internet access
- Make sure your software meets all of the MTRB requirements for tracking payments, reporting income and reporting deductions
- Schedule time to attend eRetirement seminars when offered in 2005

- eRetirement is web based; Internet access is necessary.
- Work with your MTRB Employer Reporting representative to identify any reporting issues that will cause problems in eRetirement.
- The MTRB will conduct dedicated eRetirement training before launch in 2005. Attendance is critical for everyone who will be using the system.




The eRetirement system 34

Tracking and verifying pay and service

- Key factors used to calculate service and salary:
 - 1) Contract term
 - 2) Pay frequency
 - 3) Pay duration
 - 4) Full-time/part-time status

Tracking payments and creditable service

- The pay schedule information that you set up at the beginning of every year will enable us to detect missing contributions, avoid duplicate postings and maintain a running total of each member's earned retirement service credit.




The eRetirement system 35

Contract term

- Span of contracted work days, expressed in months for each school year
- Used to calculate creditable service:
 - Teachers with 10-month contracts earn 1/10th year of service per month
 - Administrators or teachers with 12-month contracts earn 1/12th year per month

- For most teachers who belong to a union, the collective bargaining agreement serves as the contract.
- For superintendents, principals and other administrators, there may be an individual administrator's employment contract. This reporting factor is used for pro-rating service for partially worked contract years.



The eRetirement system 36

Pay frequency


- The number of pay checks for each contract year
- Used to validate other inputs:
 - Salary
 - Base earnings
 - 30-plus contribution amount

- The annual salary input validation uses the pay frequency as a factor:

$$\text{Base earnings} \times \text{pay frequency} = \text{annual salary}$$

- This is also part of the 30-plus contribution validation:

$$\left\{ \text{Total eligible earnings} - \left[\frac{\$30,000}{\text{pay frequency}} (\text{number of pays}) \right] \right\} (0.02) = \text{"30-plus" amount}$$




The eRetirement system 37

Pay duration

- Length of time, expressed as months, over which the member receives contract payments
- This input tells the system when to expect contributions
- A factor in creditable service validation
- Used to validate pay frequency and contract term

- Valid inputs for Pay Duration are 9, 10, 11, 12 and LS (Lump Sum).

- The LS Pay Duration is used for teachers who are paid on a 12-month pay cycle, but who collect their summer pay as a lump sum in month 10.



The eRetirement system 38


Full-time/Part-time status

- Used to calculate creditable service
- Must correlate with base earnings and annual salary
- Annual salary must always be expressed as the full-time equivalent (FTE)

- Members who reduce their employment status from full-time to part-time earn pro-rated service credit based on their employers' input on the deduction report.

- Full-time/part-time status must correlate with base earnings, the pay frequency and the FTE annual salary:

$$\frac{\text{Salary (ft/pt \%)}}{\text{Pay frequency}} = \text{Base earnings}$$



The eRetirement system
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Establishing the pay schedule

- Select a combination of **Contract Term**, **Pay Duration** and **Pay Frequency** factors
- Specify the pay dates associated with that combination
- Repeat for every combination of factors that applies to your district

- The payroll officer will set up a pay schedule at the beginning of each year, listing the pay dates for each combination of the three tracking factors (contract term, pay duration and pay frequency).



Select payment combination

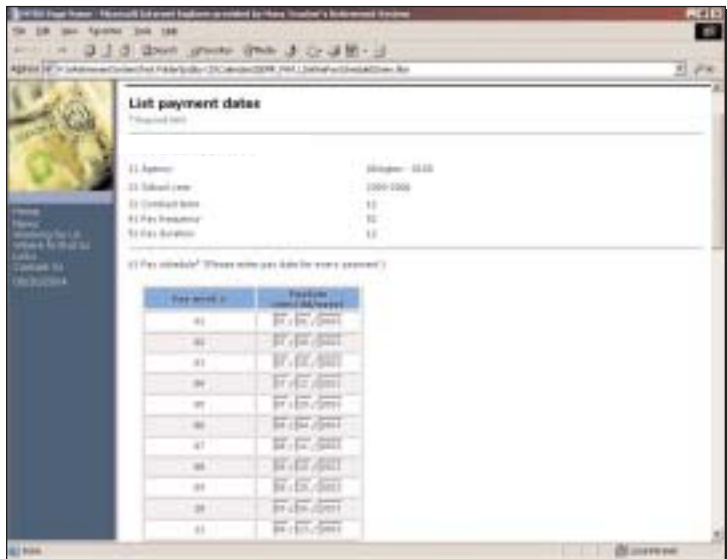
1) System: Windows - 01.00

2) Select year: 2000-2001

3) Pay schedule* (Please select combination of Pay Duration, Pay Frequency and Contract Term)

Contract Term	Pay Duration	Pay Frequency	Number of Pay Periods
1	12	12	12
1	12	24	24
1	12	36	36
1	24	12	12
1	24	24	24
1	24	36	36
1	36	12	12
1	36	24	24
1	36	36	36
2	12	12	12
2	12	24	24
2	12	36	36
2	24	12	12
2	24	24	24
2	24	36	36
2	36	12	12
2	36	24	24
2	36	36	36

- The first step in setting up a district pay schedule is this screen, showing all combinations of contract term, pay duration and pay frequency.



List payment dates

1) System: Windows - 01.00

2) Select year: 2000-2001

3) Contract term: 12

4) Pay frequency: 12

5) Pay duration: 12

6) Pay schedule* (Please enter pay date for every payment)


Pay Period	Pay Date	Pay Amount
01	07/01/2001	100.00
02	07/01/2001	100.00
03	07/01/2001	100.00
04	07/01/2001	100.00
05	07/01/2001	100.00
06	07/01/2001	100.00
07	07/01/2001	100.00
08	07/01/2001	100.00
09	07/01/2001	100.00
10	07/01/2001	100.00
11	07/01/2001	100.00
12	07/01/2001	100.00
13	07/01/2001	100.00
14	07/01/2001	100.00
15	07/01/2001	100.00
16	07/01/2001	100.00
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24	07/01/2001	100.00
25	07/01/2001	100.00
26	07/01/2001	100.00
27	07/01/2001	100.00
28	07/01/2001	100.00
29	07/01/2001	100.00
30	07/01/2001	100.00
31	07/01/2001	100.00
32	07/01/2001	100.00
33	07/01/2001	100.00
34	07/01/2001	100.00
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36	07/01/2001	100.00
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91	07/01/2001	100.00
92	07/01/2001	100.00
93	07/01/2001	100.00
94	07/01/2001	100.00
95	07/01/2001	100.00
96	07/01/2001	100.00
97	07/01/2001	100.00
98	07/01/2001	100.00
99	07/01/2001	100.00
100	07/01/2001	100.00

- In this screen, the user assigns pay dates for each combination of factors he or she selected.

**The eRetirement system****42**

How to succeed

- Find out how your vendor software or payroll system populates payment tracking data fields
 - Make sure you are reporting correct contract terms, pay frequencies and pay durations on all records
 - Make sure all members have the correct full-time/part-time percentage
 - Make sure the annual salary you are reporting is the full-time equivalent
- Check to make sure that the data you input is correct and that it appears correctly on your vendor's output.




The eRetirement system 43

Reporting contributions

Reporting financial data: Data quality

- The majority of reporting errors involve misreported earnings and contributions.




The eRetirement system 44

Financial data

- Salary
- Rate
- Base earnings
- Additional earnings
- Deductions
- Installment (repay) payments

- The financial report inputs are not complicated, but they must correlate properly.




The eRetirement system 45

Earnings categories in the deduction report

- Base earnings
- Additional earnings:
 - Coaching pay for teachers
 - Cost-of-living bonus
 - Eligible stipends
 - Longevity
 - Premiums
 - Ineligible earnings

- Base earnings must be reported separately from additional earnings. When a member applies for retirement benefits, we must confirm that all reported and claimed additional compensation is pensionable.



The eRetirement system
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Validation rules

- Base earnings for the report
 - Salary, payment factors and base earnings must agree
- Retirement deduction
 - Contribution rate must be correct
- 30-plus amount
 - Pay frequency again is a factor

Base earnings for the report

$$\text{Base earnings for the report} = \frac{\text{Contract salary}}{\text{Pay frequency}} \times \text{Number of pay transactions in the reporting month}$$

For example, the base earnings for a salary of \$45,000 would be calculated as:

$$\$3,461.54 = \frac{\$45,000}{26} \times 2$$

Retirement deduction

$$\text{Retirement deduction} = \text{Total eligible earnings} \times \text{Rate}$$

For example:


$$\$406.45 = \$3,695.00 \times 11\%$$

30-plus amount

$$\left\{ \text{Total eligible earnings} - \left[\frac{\$30,000}{\text{pay frequency}} (\text{number of pays}) \right] \right\} (0.02) = \text{"30-plus" amount}$$

For example, the 30-plus amount for a salary of \$44,200 would be calculated as:

$$\{ \$3,400.01 - \left[\frac{\$30,000}{26} (2) \right] \} (0.02) = \$21.85$$




The eRetirement system
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How to succeed

- Update salaries whenever a new contract is settled and when employees advance on the pay scale
- Properly code all types of earnings

- Annual salary data must be updated at least annually and more often when teachers are promoted or receive pay raises because of educational advancement.
- Confusing additional earnings with base earnings is a common type of reporting error.




The eRetirement system 49

Error correction today

- Processing delay
- Faxes
- Return faxes
- Phone calls
- Resubmitted disks

Correcting errors

- In the current system, output is analyzed manually and errors are communicated to the school district using telephone calls and faxes. If the errors are extensive, the report must often be recompiled.



The eRetirement system 50

Online error correction

- Overnight processing
- Notification within 24 hours
- Online error correction interface
- Prompt verification of receipt of submission

- In the eRetirement system, output is analyzed automatically in an overnight batch process.
- The user is notified by next-day e-mail when errors are detected, and corrections are entered directly using a special interface screen.

The eRetirement system
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Example 1

- Jack Train's record has appeared as an error on a monthly report. The error listed is: *Incorrect deduction*. What is the error?

■ Salary	\$45,076.00
■ Pay frequency	26
■ Base earnings	\$5,201.08
■ Ineligible earnings	\$700.00
■ Contribution rate	9%
■ Regular deduction	\$531.10
■ 30-plus	\$48.79

- In this example, the deduction amount is reported as an error:

$$(\$5,201.08) (0.09) \neq \$531.10$$

- The reported 30-plus amount is consistent with the base earnings plus the sum reported as ineligible earnings. The base amount appears correct based on the salary:

$$\frac{\$45,076.00}{26} (3) = \$5,201.08$$

$$\frac{\$531.10}{0.09} = \$5,901.08$$

$$\$5,901.08 - \$5,201.08 = \$700.00$$

- Calculations show that deductions were taken on the reported ineligible earnings. This happens if a pay code is set up incorrectly so the value appears in the ineligible field rather than the appropriate additional compensation field. The solution is to delete the ineligible earnings and move this figure to the appropriate additional compensation box. Sometimes base earnings and additional compensation earnings values can be missing because of incorrectly entered earnings code and/or codes that are not set up correctly. Sometimes an incorrectly set up code can add earnings into the base field rather than an additional compensation field.

The eRetirement system
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Example 2

- Alice Train's record has appeared as an error on a monthly report. The error listed is: *Incorrect deduction*. What is the error?

■ Salary	\$62,000.00
■ Pay frequency	26
■ Base earnings	\$7,153.85
■ Longevity earnings	\$500.00
■ Contribution rate	5%
■ Regular deduction	\$357.69

- In this example, the earnings and contributions do not match:

$$(\$7,153.85 + \$500.00) (0.05) \neq \$357.69$$

- There is a reported longevity payment that is not being included in the deduction calculation. The solution is to recalculate the deduction amount using the sum of all eligible earnings being reported:

$$(\$7,153.85 + \$500.00) (0.05) = \$382.69$$

The eRetirement system

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Example 3

- Seth Train's record has appeared as an error on a monthly report. The error listed is: *Invalid pay frequency*. What is the error?

■ Salary	\$38,141.00
■ Pay frequency	22
■ Pay duration	12
■ Contract term	10
■ Base earnings	\$5,201.08
■ Contribution rate	7%
■ Regular deduction	\$364.08
■ 30-plus	\$34.79

- In this example, the additional 2% amount is consistent with a pay frequency of 26:

$$(\$5,201.08 - \$3,461.53) (0.02) = \$34.79$$

- Additionally, the pay duration of 12 is not consistent with a pay frequency of 22 and a contract term of 10. Pay frequencies of 22 are paid from September to June, which is 10 months, not 12.

- The solution is to correct the pay frequency and salary. This correction requires the payroll officer to compare factors on the report output with the district's payroll system. The reported salary was calculated using incorrect base earnings and pay frequency factors.

The eRetirement system

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Example 4

- Sean Train's record has appeared as an error on a monthly report. The error listed is: *Invalid 2% deduction*. What is the error?

■ Salary	\$45,076.00
■ Pay frequency	26
■ Base earnings	\$5,201.08
■ Coach earnings	\$700.00
■ Contribution rate	7%
■ Regular deduction	\$413.08
■ 30-plus	\$34.80

- This example demonstrates a failure to deduct a 30-plus contribution on reported additional earnings. The 2% value is the only reported error:

$$\left\{ \text{Total eligible earnings} - \left[\frac{\$30,000}{\text{pay frequency}} (\text{number of pays}) \right] \right\} (0.02) = \text{"30-plus" amount}$$

$$\{\$5,901.08 - [\$1,153.85 (3)]\} (0.02) \neq \$34.80$$


- The 30-plus amount due for all of the eligible reported earnings is calculated as:

$$\{\$5,901.08 - [\$1,153.85 (3)]\} (0.02) = \$48.79$$

- The reported coaching pay did not have the required 30-plus deduction taken. In this instance, the MTRB would bill the member for the difference of \$13.99:

$$\$48.79 - \$34.80 = \$13.99$$

- Please note that the *number of pays* used in the 2% calculation relates to the pay frequency and number of pays included in a record.



The eRetirement system 56

How to succeed

- Know the rules regarding reporting earnings, deductions and dates
- Analyze your current data quality
- Involve your vendor/IT department
- Understand and be able to use **Adjustment** and **Retro** records
- Know how to maintain member employment status

- Data quality safeguards are based on easy-to-understand rules. The file layout and data fields in eRetirement are identical to those in the current system.
- Retro records are used to report retroactive pay received, as in the case of a contract that is settled with a prior effective date pay raise.
- Adjustment records are used for error correction.

MTRS Retirement Deduction Submittal

Available in pdf format
on our web site at:
<http://mass.gov/mtrb/pdfforms/acs/f025rds.pdf>



69 Canal Street
Boston, MA 02114-2006
(617) 727-3661
Fax (617) 727-6797
Web www.state.ma.us/mtrb

Retirement Deduction Submittal

Formerly: Deduction Report Summary

SCHOOL DISTRICT		COVERING PERIOD	
Agency Number	Name	From	To

Check number	Date	Regular Deductions	2% Deductions	Installments	Employer Paid	Total
FILE TOTALS						

COMMENTS	Variance (see comments)

CONTACT

Name	
Title	
Phone	

I hereby certify that the information presented on this form and the accompanying deduction report is true and correct.

Signature _____ Date _____

Form ACS F025-RDS-0800

"Regular compensation" ...shall mean full salary, wages or other compensation in whatever form, lawfully determined for the individual service of the employee by the employing authority, not including bonus, overtime, severance pay for any and all unused sick leave, early retirement incentives, or any other payments made as a result of giving notice of retirement...and including any part of such salary, wages or other compensation derived from federal grants...; provided, that...salary, wages or other compensation payable in the form of cost of living bonuses and cost of living pay adjustments shall be included in such term.

In the case of a teacher employed in a public day school who is a member of the teachers' retirement system, salary payable under the terms of an annual contract for additional services in such a school and also compensation for services rendered by said teacher in connection with a school lunch program or for services in connection with a program of instruction of physical education and athletic contests as authorized by section forty-seven of chapter seventy-one shall be regarded as regular compensation rather than as bonus or overtime and shall be included in the salary on which deductions are to be paid to the annuity savings fund of the teachers' retirement system.

Regular compensation shall also include all premiums paid by any governmental unit for the purchase of an individual or group annuity contract.

Regular compensation

M.G.L. c. 32, § 1

Regarding Teachers

The amount you, as a member of the Teachers' Retirement System, contribute to the retirement system is based upon your regular compensation. Regular compensation is a term which is defined in Massachusetts General Laws chapter 32, section 1, the public pension law. It is defined as salary or wages lawfully determined for the individual service of the employee by the employing authority, not including bonus, overtime, severance pay for any and all unused sick leave, unused vacation, early retirement incentives, or any other payments made as a result of giving notice of retirement.

For teachers, salary payable under the terms of the collective bargaining agreement for additional services is also regarded as regular compensation so long as the services are educational in nature, the remuneration for these services is provided in the collective bargaining agreement and the services are performed during the school year.

Teachers frequently ask whether compensation they received for attending professional development courses or reimbursement of professional development expenses is included within regular compensation. Reimbursement of expenses is not income, and therefore not regular compensation. In general, one-time payments of any kind, even for professional development, cannot be regarded as regular compensation. Amounts that are added to a teacher's base pay, however, may be regarded differently.

Determining what is included in regular compensation is an important issue for both the member and the Teachers' Retirement Board. The Board has a fiduciary duty to comply with the law and to ensure that only those payments which meet the definition of regular compensation are used in the member's three-year average salary. For the member, it is in his or her best interests to understand what will be regarded as regular compensation so that at the time of retirement, there won't be any misunderstandings or false expectations on what will be included in the member's final three-year average salary.

Regarding Administrators

The amount you, as a member of the Teachers' Retirement System, contribute to the retirement system is based upon your regular compensation. Regular compensation is a term of art which is defined in Massachusetts General Laws Chapter 32, the public pension law. It is defined as salary, wages lawfully determined for the individual service of the employee by the employing authority, not including bonus, overtime, severance pay for any and all unused sick leave, payments for unused vacation, early retirement incentives, or any other payments made as a result of giving notice of retirement.

For school administrators who negotiate their individual contracts, determining what is considered regular compensation requires careful review and consideration. The Board has a fiduciary duty to comply with the law and to ensure that only those payments which meet the definition of regular

MTRB Policy Statement

September 2000

compensation are used in the member's three-year average salary. For that reason, at the time a school administrator submits his/her application for retirement, the Board will request copies of all the contracts covering the final four years of the administrator's employment. The Board must review the language of the contracts, the dates of their execution and the rate of percentage of salary increases. As a general rule, reimbursements and payments received for travel and business expenses will not be considered regular compensation. Moreover, any significant increase in the administrator's salary in any of the final three years may be questioned. It is not unusual for a retirement counselor to request explanations of certain payments and to ask to be provided with a copy of the person's notice of retirement.

It is in everyone's best interests to understand and have a clear idea of what will be regarded as regular compensation so that at the time of retirement there won't be any misunderstandings or false expectations on what will be included in the member's final three-year average salary.

Regular compensation

Continued

What is included in "regular compensation" is determined by the statute quoted above and regulations of the Teachers' Retirement Board and the Public Employee Retirement Administration Commission. For convenience, a summary of those regulatory provisions is set forth below (though the regulations themselves will always be determinative):

Included Earnings	Excluded Earnings
<ul style="list-style-type: none"> ■ Annual salary per collective bargaining agreement or administrator's contract ■ Longevity payments for years of service ■ Salary paid for additional services per collective bargaining agreement (e.g., yearbook advisor, class advisor). Note: This does not include hourly wages. ■ Compensation paid for services in connection with a school lunch program. Note: This includes hourly wages. ■ Cost-of-living bonuses or adjustments ■ Premiums paid by employer for individual life or disability insurance or an individual annuity contract [i.e., 403(b) plan]. ■ Educational step increases according to salary schedule set forth in collective bargaining agreement. Note: This does not include reimbursement of expenses or non-recurring payments. 	<ul style="list-style-type: none"> ■ Retirement incentives or other payments made as a result of notice of retirement ■ Sick leave buy-back ■ Overtime ■ Bonus ■ Special projects ■ Summer school ■ Reimbursement for travel or other expenses ■ Payment for unused vacation ■ Amounts paid in addition to salary for professional development or education assistance (e.g., recertification workshops)

PLEASE NOTE:

These guidelines are subject to change by act of the Massachusetts Legislature, regulation of the Massachusetts Teachers' Retirement Board or by judicial and administrative law decisions.

MTRB Guidelines

September 2000

Regarding additional services:

Salary payable under the terms of the collective bargaining agreement for additional services is also regarded as regular compensation so long as the services are educational in nature, the pay for these services is provided in the collective bargaining agreement and the services are performed during the school year. For most additional services—except school lunch and sports programs—hourly wages will not be included. As a general rule, reimbursements and payments received for travel and business expenses will not be considered regular compensation.



Request for Waiver Of Certification Requirements For Purposes of Employing a Retired Teacher *Regulation 803 CMR 7.03 (2)(b)*

School District: _____

Proposed Effective Date of Employment: _____

The above school district seeks to employ a retired teacher due to a critical shortage of certified teachers.

Please indicate the Field(s) and Grade Level(s) for this teacher:

This request is (please check one):

☐ Initial Waiver ☐ Renewal

Teacher Information

Last Name: _____ First Name: _____

Social Security #: _____ Date of Birth: ____ / ____ / ____

Address (street, city or town, state, zip): _____

Effective Date of Retirement: ____ / ____ / ____

NOTE: In the first two years immediately following the effective date of retirement, the teacher's earnings, including pension or retirement allowance, cannot exceed the salary that is being paid for the position from which he was retired or in which his employment was terminated.

School(s): _____

Contact Person: _____

Mailing Address (street): _____

e-mail address: _____

Telephone: () _____

Evidence of Critical Shortage

The district must demonstrate that a good faith effort was made to hire certified personnel who have not retired. For this purpose, please attach any and all documentation of actions to recruit a certified and qualified person for this position. Such documentation should include, where applicable:

- 1) Promotional materials, such as internal postings, newspaper advertisements, internet postings, mailings to placement offices, etc.
- 2) List of certified candidates who declined this position AND documentation as to why any certified applicants were not qualified to perform the duties of this position.

NOTE: The period of critical shortage cannot exceed one year. If the district seeks to renew the request, new evidence must be provided with each request.

Superintendent's Request

I certify by my signature below that I have made a good faith effort to hire personnel who have not retired and have been unable to find qualified applicants for this position. Based on the evidence attached, I request that my district be deemed to have a critical shortage of certified teachers in this field.

Superintendent Signature: _____

Date: _____

NOTE: The Commissioner will notify the Teachers' Retirement Board of each determination of a critical shortage.

Please return this request, along with all supporting documentation to:

The Office of Educator Quality
Massachusetts Department of Education
350 Main Street
Malden, MA 02148
FAX: 781-338-3391

For assistance, please contact Tricia Federico at 781-338-3235
or Tfederico@doe.mass.edu

Request for Waiver

For purposes of employing a retired teacher

Available as a downloadable Word document from the Department of Education's web site at:
http://www.doe.mass.edu/eq/news01/cs_waiver.html

For assistance, please contact Tricia Federico at 781-338-3235 or
Tfederico@doe.mass.edu

Restrictions on working after retirement	When NO Critical Shortage	When a Critical Shortage is declared by DOE	
	ALL MTRS Retirees	Retirees under Regular formula	Retirees under RetirementPlus
1) Separation from service: 60 days. Exception: This particular restriction does not apply if the member retired either at age 65 or older or at the maximum benefit amount of 80 percent of his or her three-year salary average.	Applies	Applies	Applies
2) Time limitation: 960 hours in a calendar year.	Applies	Waived	Waived
3) Earnings limitation: The salary received from this position, when added to the MTRS retirement allowance, cannot exceed the salary that is currently being paid for the position from which the employee retired.	Applies	Waived	Applies for first two years of employee's retirement; waived thereafter

Working after retirement guidelines

■ MTRB Home page

<http://mass.gov/mtrb>

■ Employer Reporting e-mail address

empsup@trb.state.ma.us

■ Payroll Deduction Submittal (pdf format)

<http://mass.gov/mtrb/pdfforms/acs/f025rds.pdf>

■ Mandatory online enrollment assignment**Employer Assignment Sheet**

(pdf format, with link to member start page)

<http://mass.gov/mtrb/pdfforms/acs/empenras.pdf>

Member Start Page

<http://mass.gov/mtrb/5active/59enroll.htm>

■ RetirementPlus

<http://mass.gov/mtrb/7retplus/7retplus.htm>

■ RetirementPlus Accelerated Payment Plan tools**Member pre-appointment tool and worksheet**

Introductory web page with link to pdf form

<http://mass.gov/mtrb/7retplus/72active/725aptwk.htm>

Employer tool for online submission

Introductory web page with link to interactive pdf forms

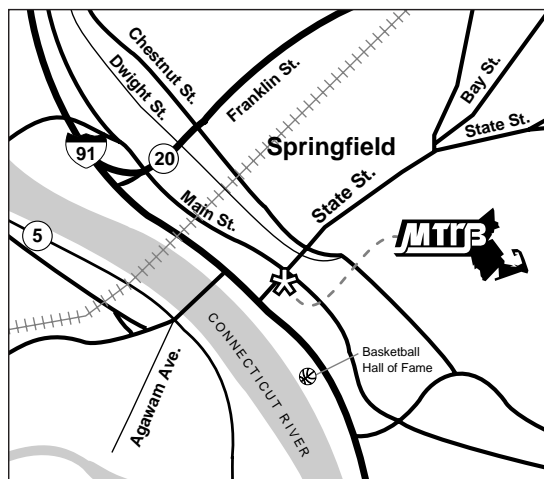
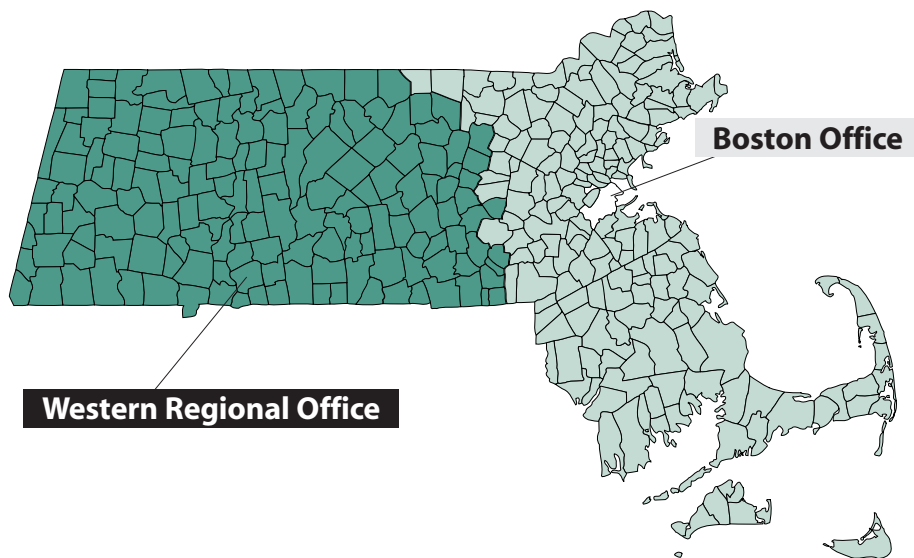
<http://mass.gov/mtrb/7retplus/75emplr/751rpapp.htm>

■ DOE Request for Waiver

For purposes of employing a retired teacher

http://www.doe.mass.edu/eq/news01/cs_waiver.html

**Quick links:
MTRB
employer
resources
online**



Western Regional Office

Located at the intersection of State and Main Streets, diagonally across from the Springfield Civic Center.

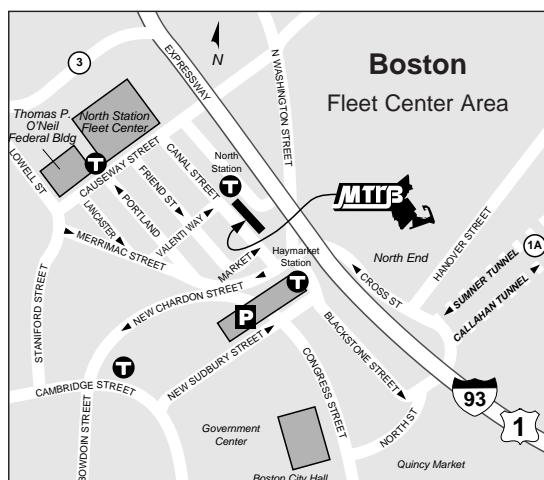
101 State Street, Suite 210
Springfield, MA 01103-2066

Phone 413-784-1711

Fax 413-784-1707

Hours: 8:45 a.m. – 5 p.m.,
Monday through Friday.

Parking is available at the Bliss Street Parking Garage and on the street at meters.



Boston Office

Located near the North End, between the Fleet Center and the Haymarket T station

69 Canal Street
Boston, MA 02114-2006

Phone 617-727-3661

Fax 617-727-6797 (main office)

Hours: 8:45 a.m. – 5 p.m.,
Monday through Friday.

Parking is available at the Government Center and Fleet Center Parking Garages, and on the street at meters.

Contacting us

The MTRB operates two offices; depending on where you are located, your employees should contact the office in Boston or in Springfield.

If you have questions...

Employers should contact the Employer Reporting unit in our Boston office for information.

■ Phone

To reach a representative, call **617-878-2895**, or, for a specific person, dial 617-878-[ext].

Lisa Ferris 2870

Robert George 2869

David Harbison 2873

Shirley Kwan 2876

Cam Luu 2852

Michelle Maalouf... 2856

Richard Probert,
Director..... 2878

Michael Schoeder... 2897

■ Fax

617-727-4443

■ E-mail

empsup@trb.state.ma.us

■ Online

Go to **mass.gov/mtrb** and click on Employer's Area